

EXHIBIT 1



United States

v.

**David Miller and Minnesota
Independent Cooperative**

INTRODUCTION

- Profit no matter the risk
- David Miller and his company MIC sold dark market pharmaceutical drugs that were sourced from the streets of Los Angeles, and other places, to pharmacies across the country.
- Lies, lies, lies
- Ever-evolving sophistication of scheme/money laundering
- Risk to patients

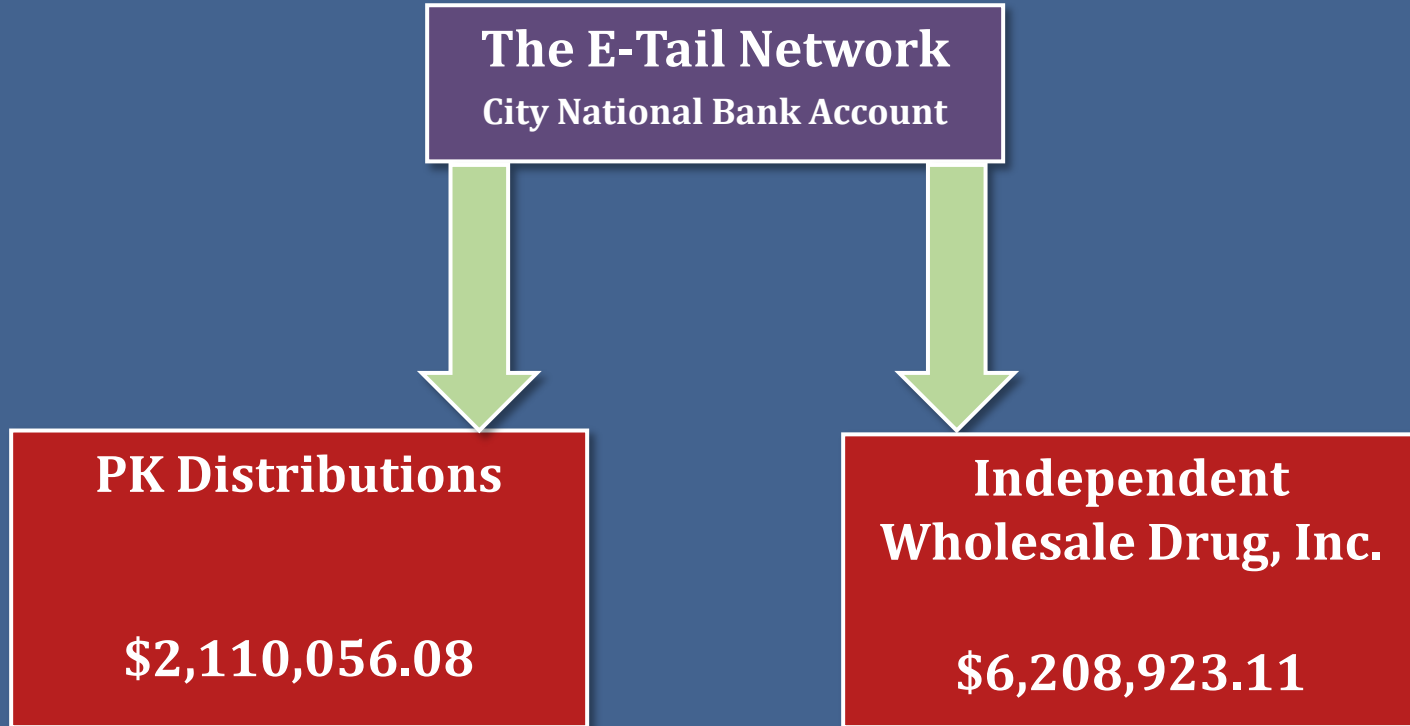
MIC SUPPLIERS

MIC Supplier Peter Kats

- Miller coached Katz through the process of drug diversion and pharmaceutical wholesaling.
- At Miller's direction, obtained Pennsylvania drug wholesaling license and created "Independent Wholesale," but never obtained a California or Minnesota license.
- Dealt in stolen and diverted drugs.



MIC Supplier Peter Kats



MIC Supplier Peter Kats



Wells Fargo
Bank Account
Merchant & Associated
Bank Accounts

Independent Wholesale

\$10,186,084.14

Total Kats Profit:

\$23,018,293.82

B&Y Wholesale
Distributors
Wells Fargo & Doral
Bank Accounts

Independent Wholesale

\$4,513,230.60

MIC Supplier Fernando Galan



- Conducted business with Miller entirely over the phone through his restaurant in Southern California.
- Never learned the origin of drugs he sold, which Galan obtained from a source in Florida.
- Conspired with Ricardo Jurado.

MIC Suppliers Fernando Galan and Ricardo Jurado



Wells Fargo
Bank Account
Merchant & Associated
Bank Accounts

**Total Galan/Jurado
Profit:**

AT LEAST

\$6,248,452.86

**B&Y Wholesale
Distributors
Wells Fargo & Doral
Bank Accounts**

\$6,248,452.86

Galan/Jurado Profits Via B&Y

Eucumex	\$4,227,367.97
Turisomo Dos Polos	\$1,254,590.81

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MIC Supplier David Konigsberg

- Inherited drug supply operation from father.
- Provided Miller with drugs, sight nearly unseen, for cash.
- Suspect source of drugs.



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MIC Supplier David Konigsberg

GX 677; Tr. 979:15-24

	A	B	C	D	E	F	G	H
1	TO:	PREFERRED INC (PREFER)						
2	ATTN:	DAVID KONIGSBERG						
3	FROM:	MIC / JEANNETTE				\$32,979.56		
4	DATE:	November 8, 2012						
5	COMMENTS:	PREFERRED OFFER pending				PO	MIC-PR	
6		PRICE 25% OFF						
7		CARDINAL - SYRACUSE, NEW YORK (PREF1)						
8	NDC#	DESCRIPTION	WAC	PRICE	QTY	TOTAL	COMMENTS	
9	8701-10	TRUVADA TAB 30 GILEAD	\$1,159.54	\$869.65	18	\$15,653.70		25.00%
10	4101-01	ATRIPLA TAB 30 BMS	\$1,756.55	\$1,317.41	6	\$7,904.46		25.00%
11	0510-30	SUSTIVA 600MG TAB 30 BMS	\$597.01	\$447.75	3	\$1,343.25		25.00%
12	6561-01	PREZISTA 400MG TAB 60 ORTHO	\$1,025.17	\$768.87	1	\$768.87		25.00%
13	6562-01	PREZISTA 600MG TAB 60 ORTHO	\$1,025.17	\$768.87	1	\$768.87		25.00%
14	0227-61	ISENTRESS 400MG TAB 60 MERCK	\$1,023.91	\$767.93	4	\$3,071.72		25.00%
15	0570-01	INTELENCE 100MG TAB 120 ORTHO	\$815.53	\$611.64	3	\$1,834.92		25.00%
16	6799-22	KALETRA 200/ 50MG TAB 120 ABBOTT	\$726.13	\$544.59	3	\$1,633.77		25.00%
17						\$32,979.56		
18								
19								
20		APPROVAL REQUIRED FOR DATING UNDER ON YEAR						
21		PLEASE SEND INVOICE WITH PEDIGREE						

Q. And did you ever understand why it was necessary to have it look like this merchandise originated in Cardinal?

A. Eventually I figured out why.

Q. And why is that?

A. It shows -- it makes it look like there was a paper trail.

MIC Supplier David Konigsberg

GX 678; TR 981:8-10

Preferred
~~MIC~~
2535 Pilot Knob Road
Suite 120
Mendota Heights, MN 55120

STATEMENT IDENTIFYING PRESCRIPTION DRUG PRODUCT ORIGIN

Item: ALL ITEMS

Preferred
~~Missp~~ Inv #: 0000

Prior Wholesale Sales Date: 07/07/09
Purchased from: AMERISOURCEBERGEN (ATLGA)
4300 MORRIS DRIVE #100
CHESTERBROOK, PA 19087

B & Y wholesale

Authorized distributor: ☒ Yes

A. This document is to create a paper trail identifying prescription drug product origin, a paper trail or pedigree for drugs.

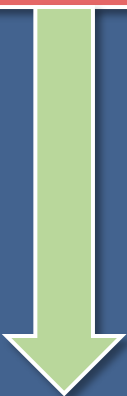
-----Original Message-----

From: david miller <david.miller@etailnetwork.com>
To: halfmoonkid@aol.com
Sent: Wed, Mar 3, 2010 2:59 pm
Subject: FW: Message from KMBT_C353

David,

You can use this format. You'll have to put it on your own word document and insert the transaction dates and your invoice number. Call me on the cell if you have any questions... djm

MIC Supplier David Konigsberg



Preferred, Inc.

\$1,572,381.36

The E-Tail Network
City National Bank Account



David Konigsberg

\$1,548,478.46

Total Konigsberg Profit:

\$3,120,859.82

MIC Supplier Vin Nguyen



- Worked with Miller for years.
- Sold diverted pharmaceuticals to Miller.
- Miller used Med-X name to conduct California transactions when Miller lacked a California license.
- Conspired with Joe Dallal.

MIC Supplier Joe Dallal/Vin Nguyen



Wells Fargo
Bank Account
Merchant & Associated
Bank Accounts

Global Retail Solutions

\$840,845.02

Total Dallal/Nguyen Profit:

\$2,199,888.40

B&Y Wholesale
Distributors
Wells Fargo & Doral
Bank Accounts

Global Retail Solutions

\$1,359,043.38

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MIC Supplier Alexander Soliman

- Ran Apex Pharmaceuticals, which distributed diverted pharmaceuticals.
- Sold diverted drugs to Miller and purchased them from Miller.
- Miller used the Apex Pharmaceuticals name to conduct his own transactions in California.



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MIC Supplier Alexander Soliman

- Introduced Artur Stepanyan to David Miller
- (TR 928:9-21)

9 Q. Did you ever introduce Mr. Stepanyan to Mr. Miller?

10 A. Yes.

11 Q. How come?

12 A. The market was start getting hot, and -- and I decided to
13 introduce them together so I can get commission of their
14 transaction away from Apex.

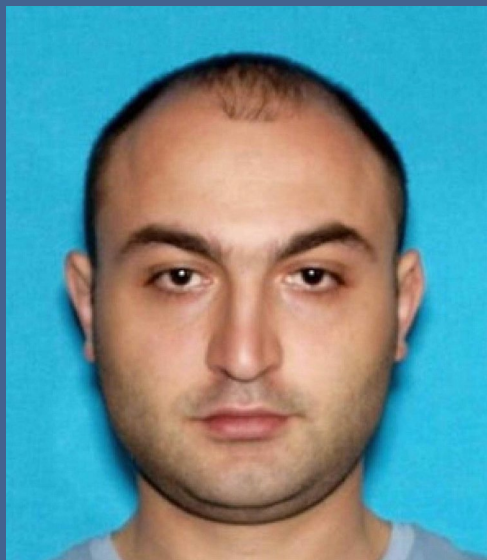
15 Q. And when you say the market was getting hot, can you just
16 describe what that means for us, please?

17 A. The supply chain has become really sloppy and a lot of
18 characters are showing up selling the drugs.

19 Q. When you say "characters," what do you mean?

20 A. Individuals with no license and start bringing the
21 business into the table.

MIC Suppliers Artur and Mihran Stepanyan



- Highest volume suppliers to defendants—hundreds of millions of dollars' worth of diverted pharmaceuticals.
- Controlled Red Rock Capital, Panda Capital, Trans Atlantic Capital, Sky Capital, and GC National Wholesale.
- Laundered funds through various means in organized crime community of Los Angeles.

MIC Suppliers Artur and Mihran Stepanyan



**Merchant & Associated
Bank Accounts**

\$38,982,180

Stepanyan Profits Via MIC

Red Rock Capital	\$5,484,177
Sky Atlantic Capital	\$17,270,047
Massihi Import and Export	\$1,319,712
Trans Atlantic Capital	\$14,908,244

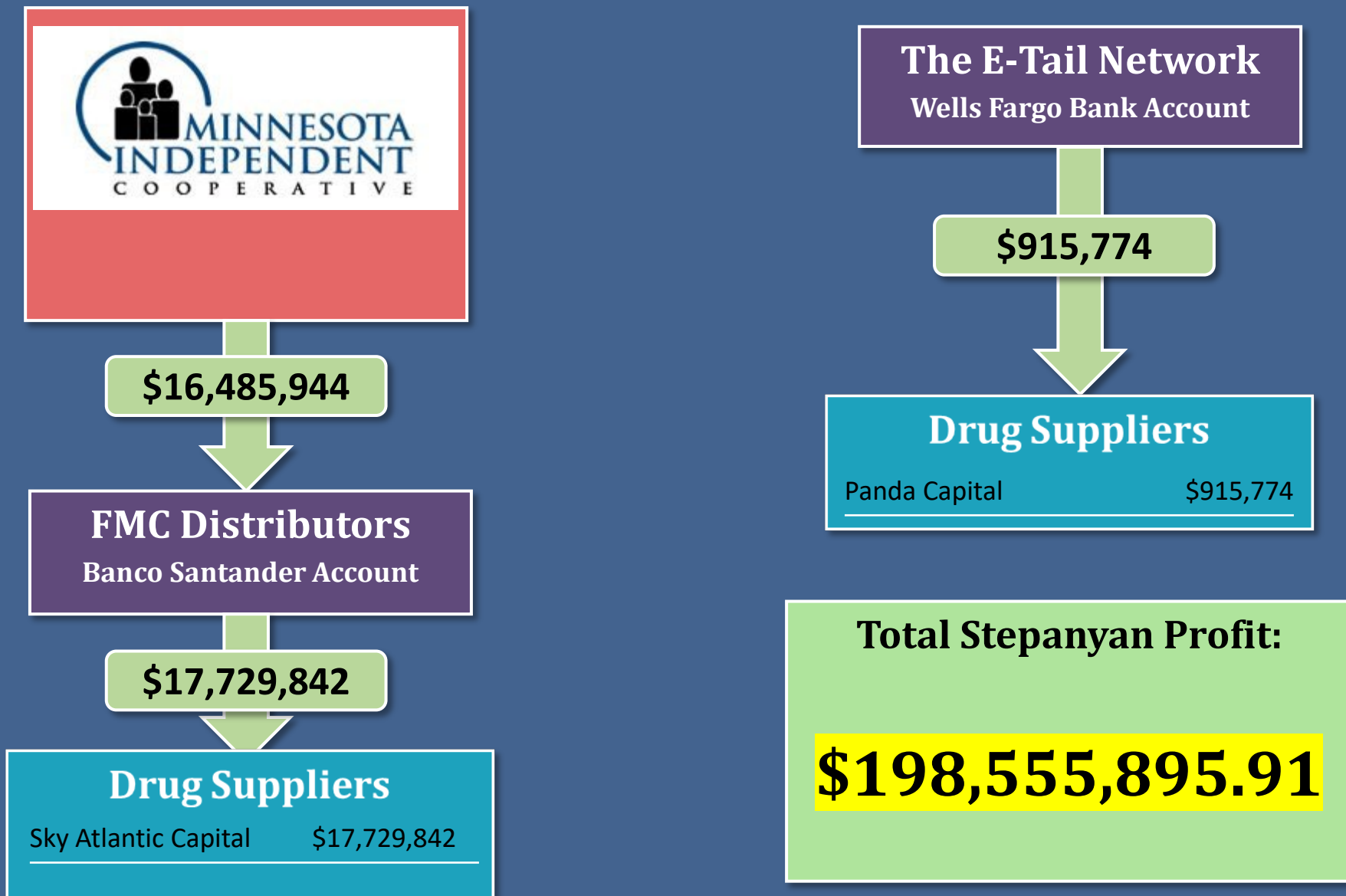
**B&Y Wholesale
Distributors
Wells Fargo & Doral
Bank Accounts**

\$141,462,562

Stepanyan Profits Via B&Y

Trans Atlantic Capital	\$48,246,580
GC National Wholesale	\$88,297,583
Massihi Import & Export	\$4,718,399

MIC Suppliers Artur and Mihran Stepanyan



CHARGES

Conspiracy - Elements

1. *First*, that there was an agreement between two or more persons to commit a crime; and
2. *Second*, that the defendant became a member of the alleged conspiracy knowing of at least one of its objects and intending to help accomplish it.

What is the Crime of Conspiracy?

- The agreement to do something unlawful; it does not matter whether the crime agreed upon was committed.
- No formal agreement necessary
- Don't need to agree on every detail of the conspiracy
- A plan to commit at least one of the crimes in the indictment

How Does One Become a Member of a Conspiracy?

- Willfully participating in the unlawful plan with the intent to advance or further some object or purpose of the conspiracy, even though the person does not have full knowledge of all the details of the conspiracy

Conspiracy –

Knowledge and Association with Other Conspirators

- Not necessary that all members of a conspiracy join it at the same time
- Don't need to have full knowledge of all the details of the unlawful scheme or the names, identities, or locations of all of the other members.

Conspiracy –

Knowledge and Association with Other Conspirators

Even if defendant did not directly conspire with others in overall scheme, defendant has agreed to participate in conspiracy if:

1. *First*, the defendant directly conspired with one or more conspirators to carry out at least one of the objects of the conspiracy;
2. *Second*, the defendant knew or had reason to know that other conspirators were involved with those with whom the defendant directly conspired; and
3. *Third*, the defendant had reason to believe that whatever benefits the defendant might get from the alleged conspiracy were probably dependent upon the success of the entire venture.

**COUNT 2: CONSPIRACY TO COMMIT
MAIL AND WIRE FRAUD
(DAVID MILLER)**

Mail and Wire Fraud Conspiracy

Elements:

1. *First*, beginning at least in or about 2009, and ending on or about May 6, 2015, there was an agreement between two or more persons to commit at least one crime of mail or wire fraud, with all of you agreeing which crime or crimes were agreed to; and
2. *Second*, the defendant became a member of the conspiracy knowing of at least one of its objects and intending to help accomplish it.

WIRE FRAUD (COUNT 2)
MAIL FRAUD (COUNTS 2, 3-12)

Wire Fraud

Elements:

1. *First*, the individual knowingly participated in or devised a scheme or plan to defraud, or a scheme or plan for obtaining money or property by means of false or fraudulent pretenses, representations, or promises;
2. *Second*, the statements made as part of the scheme were material (i.e., they had a natural tendency to influence, or were capable of influencing, a person to part with money or property);
3. *Third*, the defendant acted with the intent to defraud; that is, the intent to deceive and cheat; and
4. *Fourth*, the defendant used, or caused to be used, **an interstate or foreign wire communication** to carry out or attempt to carry out an essential part of the scheme.

Mail Fraud

Elements:

1. *First*, defendant knowingly participated in or devised a scheme or plan to defraud, or a scheme or plan for obtaining money or property by means of false or fraudulent pretenses, representations, or promises;
2. *Second*, the statements made as part of the scheme were material (i.e., they had a natural tendency to influence, or were capable of influencing, a person to part with money or property);
3. *Third*, the defendant acted with the intent to defraud; that is, the intent to deceive and cheat; and
4. *Fourth*, the defendant used, or caused to be used, the mails or private commercial interstate carriers to carry out or attempt to carry out an essential part of the scheme.

Mail/Wire Fraud - Element 1

(Knowingly participated in/devised scheme to defraud or obtain money by false/fraudulent pretenses, representations, or promises)

Object of the scheme: To obtain money or property from alleged victims

Mail/Wire Fraud – Element 1

Miller Lied (GX 72)

RE: Apology

From: david miller <david.miller@etailnetwork.com>
Sent: 12/23/2009 8:30:54 PM +00:00
To: 'Mike Cassola' <mcassola@micoop.com>
CC: jrusso@micoop.com
Subject: RE: Apology

All of our product originates from one of the "big three" wholesalers (Card, McKesson, or Amerisource).

From: Mike Cassola [mailto:mcassola@micoop.com]
Sent: Wednesday, December 23, 2009 9:09 AM
To: 'David Miller'
Cc: jrusso@micoop.com
Subject: FW: Apology

How do I respond to this question below? If we do not come up with a "viable" answer, we stand to lose 15-20 clients and some of these guys are bigger hitters/list cleaners.

Please advise.

MRC

From: estis Pharmacy [mailto:estispharmacy@yahoo.com]
Sent: Wednesday, December 23, 2009 11:02 AM
To: Mike Cassola
Subject: Re: Apology

Hi Mike:

All is good, but I like my privacy. As far as future orders are concerned, I need to know if you can provide me with a reference of where you are obtaining your merchandise from. Let me know if you can do that.

Stella

From: Mike Cassola <mcassola@micoop.com>
To: estispharmacy@yahoo.com
Sent: Fri, December 18, 2009 11:20:43 AM
Subject: Apology

Stella,

I just want to take a brief moment to say I am very sorry for any inconvenience I may have caused. I am normally very protective of my customer list and do not give out any information on my customers. I honestly do not recall giving your name out as a reference. However, if I did, I sincerely apologize.

Mail/Wire Fraud – Element 1

Miller Lied (GX 125)

Re: MIC Website Update

From: David Miller <FIRST ORGANIZATION/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/DAVID.MILLER>

Sent: 9/21/2013 4:49:35 PM +00:00

To: David Polfliet <dpolf99@aol.com>

CC: 1. Sumeet Singh <PM@diabeticcare.com>
2. Jim Russo <jrusso@micoop.com>

Subject: Re: MIC Website Update

It's accurate and concise; so, I like it

Sent from my iPhone

On Sep 16, 2013, at 5:24 AM, "David Polfliet" <dpolf99@aol.com> wrote:

David, what are your thoughts on Sumeet's drug pedigree statements?

Looks good otherwise.

Dave Polfliet

From: Sumeet Singh [<mailto:PM@diabeticcare.com>]

Sent: Friday, September 13, 2013 5:39 PM

To: David Miller; 'David Polfliet'; Jim Russo

Subject: MIC Website Update

Hey guys,

Below please find refreshed content for the MIC website. We might get a bump of traffic from new customers and I want to make sure that at least the info is correct – FAQs have us listed in Mendota Heights. Let me know if you guys have any input, thanks

About Us (new page)

Minnesota Independent Cooperative Inc. (MIC) is a national, pharmaceutical wholesaler specializing in the distribution of branded pharmaceuticals to independent pharmacies. We operate out of a state-of-the-art facility in Eagan, MN that uses the latest technology to maintain drug integrity and supply chain security.

MIC was founded in November 2005 as an "Independent, for Independents" – we service independent pharmacies as a secondary wholesaler, offering immediate savings on high utilization drugs. In true cooperative tradition, there are NO contracts, fees or minimums. Product offerings are sent daily so you have the freedom to make the decision of when and how much to buy.

We make purchasing easy and convenient by utilizing a live, web-based inventory and offering pedigrees online. Our customers can order from a knowledgeable Account Manager, or they can order 24/7 via fax. All orders are shipped within one business day and always, freight FREE.

Miller knew his suppliers were shady and hid it from his customers (GX 71)

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RE: Prezista 400 MG Bottle with Combivir in it

From: david miller <david.miller@etailnetwork.com>
Sent: 10/8/2009 4:41:45 PM +00:00
To: 1. 'Mike Cassola' <mcassola@micoop.com>
2. mjohnson@micoop.com
CC: 'James Russo' <jrusso@micoop.com>
Subject: RE: Prezista 400 MG Bottle with Combivir in it

Lot #?

From: Mike Cassola [mailto:mcassola@micoop.com]
Sent: Thursday, October 08, 2009 9:10 AM
To: 'david miller'; mjohnson@micoop.com
Cc: 'James Russo'
Subject: Prezista 400 MG Bottle with Combivir in it
Importance: High

Gentlemen,

We are running into this scenario way too often lately. We have another case of the wrong drug in the wrong bottle. In this instance, it is Combivir (according to the Albert the pharmacist at Maxi Care) in a Prezista 400 mg container. This situation gets worse as the customer to whom it was dispensed has already taken two of the wrong pills...not sure where this is going but will keep you posted if anything of interest surfaces.

One other piece of data that makes this situation even more suspect is that the manufacturer of Combivir is GSK and the manufacturer of Prezista is Tibotec. How does a pill from one manufacturer get into the bottle from a different manufacturer? According to the customer, the foil on the mouth of the bottle was intact.

This has got to be the 4th time something like this has happened (i.e., Spectrum, First Choice and Monroe are three I can think of) and I'm a bit concerned about what's going on with our suppliers.

I don't mean to blow this out of proportion but Steven from Monroe said he's never seen wrong item in wrong bottle before in his 20 year history as a pharmacist.

If anyone has some insight as to why this is occurring, please bring me up to speed as I am completely clueless.

Miller knew his suppliers were shady and hid it from his customers (GX 89)

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----- Original Message -----

From: Mike Cassola <mcassola@micoop.com>

To: David Miller; 'Mark Johnson' <mjohnson@micoop.com>

Cc: 'James Russo' <jrusso@micoop.com>

Sent: Mon Nov 22 07:51:32 2010

Subject: We have a problem

I need to talk to you asap. This situation involves a Lilly rep and a bottle of Zyprexa 10mg with 20mg pills in it that we sold Waverly Rx in New York.

This could get ugly....call me please.

MRC

Miller knew his suppliers were shady and hid it from his customers (GX 110)

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From: dmiller@micoop.com [mailto:dmiller@micoop.com]
Sent: Tuesday, November 09, 2010 12:14 PM
To: Jrusso; Bernie Guillen; Jeannette Couch
Cc: Yusef Yassin
Subject: Re: 8701-10 Truvada po3768 101110-F1

Please let yusef know what shipment this came from.. Tx, dim

Sent via BlackBerry by AT&T

From: "James Russo" <jrusso@micoop.com>
Date: Tue, 9 Nov 2010 13:22:40 -0600
To: 'David Miller' <dmiller@micoop.com>; <bernie.guillen@etailnetwork.com>; 'Jeanette Couch' <jeannette.couch@etailnetwork.com>
Subject: RE: 8701-10 Truvada po3768 101110-F1

The bottle was cut open on the insert side and the drug was removed and replaced with 29 600mg ibuprofen then they pulled the cut flush and pasted the insert back on.

From: David Miller [mailto:dmiller@micoop.com]
Sent: Tuesday, November 09, 2010 12:45 PM
To: 'James Russo'; bernie.guillen@etailnetwork.com; 'Jeanette Couch'
Subject: RE: 8701-10 Truvada po3768 101110-F1

Yes...

From: James Russo [mailto:jrusso@micoop.com]
Sent: Tuesday, November 09, 2010 7:40 AM
To: David Miller; bernie.guillen@etailnetwork.com; Jeanette Couch
Subject: 8701-10 Truvada po3768 101110-F1
Importance: High

Upon inspection we found 1 sealed bottle that is 10 grams short of benchmark.

Please advise if you want me to open the seal.

Miller knew his suppliers were shady and hid it from his customers (GX 153)

----- Original Message -----

From: David Miller

To: 'jeannette.couch@etailnetwork.com' <jeannette.couch@etailnetwork.com>

Sent: Tue Jun 29 12:34:02 2010

Subject: Re: MIC MN PO Report for PO # ESTISRETURNINV5215

Go ahead and give them full credit for both returns...

----- Original Message -----

From: Jeanette Couch <jeannette.couch@etailnetwork.com>

To: David Miller

Sent: Tue Jun 29 10:44:02 2010

Subject: FW: MIC MN PO Report for PO # ESTISRETURNINV5215

David,

The customer returned (1 bottle of Prezista saying it was open) over 30days after invoice and

Do you want to except returns back on opened product?

Also returned was Atripla with vitamins inside the bottle.

These items were purchased from fernando offer and if We did ship these than rolando missed it and so did jim.

Please advise,

Jeannette

Information was Material to Customers (CX 624, 626, 628)

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From: Kornechuk, Stephanie <SKornechuk@genoahealthcare.com>
Sent: Tuesday, February 21, 2012 11:58 AM
To: Mike Cassola
Subject: Pedigree
Attachments: img-221115040-0001.pdf

Mike,

With the recent Avastin fiasco hitting the news, our compliance department wants me to make sure that we can prove the pedigree history on all of the products we are acquiring.

I have attached an invoice, your pedigree info and what I was able to find regarding the authorized distributors for Abilify from the BMS website. As you can see, B&Y is not on the approved list.

Can you see if you can find out any more details? There are other distributors from PR on the list - does B&Y go by another name?

Steph

From: Stephanie Kornechuk [mailto:SKornechuk@genoahealthcare.com]
Sent: Friday, December 10, 2010 1:37 PM
To: Mike Cassola
Subject: RE: Document from B and Y and David Miller

I don't think this will work (its not current and it is not for anything that we are purchasing).

I am looking for a letter from Lilly which states that B&L is an authorized distributor for them. Same thing for BMS and Pfizer.

Steph

From: Mike Cassola <First Organization/Exchange Administrative Group (FYDIBOHF23SPDLT)/Recipients/mcassola>
Sent: 2/29/2012 6:33:11 PM +00:00
To: David Miller <david.miller@etailnetwork.com>
Subject: FW: Pedigree
Attachments: img-221115040-0001.pdf

We still have not responded to Steph's email from last week Tuesday. I don't really know what to say.

Your help is appreciated.

MRC

(Intent to defraud – i.e., intent to deceive and cheat)

- Miller tricked customers and got their money
- Miller made money for drugs he got from customers.
- Money they wouldn't have given over had they known the truth.

Lies (GX 195, 689)



2980 Commers Drive Ste 200 • Eagan, MN 55121

Toll Free: 800-940-1934 • www.miccoop.com

July 23, 2012

Hans Reiser, MD
 Senior Vice President, Medical Affairs
 Gilead Sciences, Inc.
 333 Lakeside Drive
 Foster City, CA 94404
 Hans_reiser@gilead.com

Dear Dr. Reiser:

Our firm is in receipt of your email alert disseminated to you entitled "Product Tampering Notification." Gilead Sciences has reported three instances where pharmacies reported to Gilead that patients returned bottles of Viread and Atripla to pharmacies claiming the contents did not match the appearance of Viread tablets. Further, the email alert stated that based upon your "investigation" you concluded that the pharmacies had purchased the products from Minnesota Independent Cooperative (MIC).

MIC is as concerned about the reported incidents as Gilead. MIC is gathering as many facts as possible to determine whether the information in your email alert is correct.

MIC strives to ensure the highest quality and authenticity of the products it distributes. Because MIC has appropriate quality control procedures, it is highly unlikely that MIC has ever distributed any Gilead product that contained the wrong drug. Of course, once MIC ships products to its customers, we cannot have control over what someone else could theoretically do to our products. Further, MIC does not engage in any type of product repackaging whatsoever.

RE: Product Tampering Notification

Dear Pharmacist:

Gilead Sciences, Inc. is writing to inform you that pharmacies have reported three instances in which patients have returned bottles of Gilead products after discovering that the bottles contained a different product than the product listed on the label. In the first two cases, two different patients, who received their prescriptions from the same pharmacy in New York, returned their bottles of Viread® (tenofovir disoproxil fumarate) (lot 000148 and lot SHCD1) reporting the bottles contained tablets that did not match the appearance of Viread tablets. The product in the bottles was confirmed to be Abbott's Norvir® (ritonavir) 100 mg tablets. In addition, the cap present on one of the Viread labeled bottles was not the cap which Gilead used for that lot of Viread product.

There is no point in Gilead's manufacturing and distribution of Viread in which Abbott's Norvir could have been placed into bottles labeled as containing Viread.

(GX 623)

From: Kornechuk, Stephanie <SKornechuk@genoahealthcare.com>
Sent: Tuesday, November 15, 2011 1:42 PM
To: Mike Cassola
Subject: RE: Abilify

Hi Mike,

Pedigree is the key!

Steph

From: Mike Cassola [mailto:MCassola@micoop.com]
Sent: Tuesday, November 15, 2011 12:57 PM
To: Stephanie Kornechuk
Subject: Abilify

Hi Steph,

I'm thinking of increasing my discount to you on the Abilify across all strengths.

Might a gesture like this open up a few more locations for us?

Thanks,

MRC

GX 629

From: Yusef Yassin [mailto:yusef@bandypr.com]

Sent: Thursday, April 08, 2010 10:53 AM

To: Stephanie Kornechuk

Subject: Re: Contact Us Submitted

hi stephanie

i'm attaching my lic of drugs wholesale to you so you can be sure of our company

but we can not just email invoices to MIC customers nether our customer

this is a very private info on what you get from vendor, sorry

we been doing business with them for many years and i do not think is not legitimate products.

we are in the process of registering our company in several state and your state when we register i will let you know.

thank you

Yusef Yassin Gomez

B&Y Wholesale Distributors Inc.

O'Leary, IR 194 at 11-18

11 **Q.** And in your line of business in 2012 and 2013, were
12 pedigrees important to Parkview?

13 **A.** Yes.

14 **Q.** Why is that?

15 **A.** Again, supply chain integrity. You wanted to make sure
16 you knew where the medication was coming from and that the
17 patient in the end was getting the drug that the manufacturer
18 had actually produced.

O'Leary, 195 at 1-17

1 Q. Would Parkview have ever bought prescription drugs from a
2 secondary wholesaler that put false information on a pedigree?

3 A. No.

4 Q. Would Parkview have ever bought prescription drugs from a
5 secondary wholesaler who had acquired them from unlicensed
6 sources?

7 A. No.

8 Q. Why? Why is that? Why is a pedigree important to you?

9 A. Well, again, the medications are very involved. I'm not a
10 pharmacist, but we recognize the importance of medications are
11 a science. And when a doctor has prescribed a certain item for
12 a certain patient for a condition that they have, it's very
13 exact and the intention is for them to have it. Once you get
14 outside the supply chain and you don't know where the product
15 is coming from, the efficacy of a drug, how it's been stored,
16 it would be -- jeopardize a patient's safety if we didn't
17 follow those -- those steps.

2 **Q.** If you had known at the time that any information on those
3 pedigrees was false, would you have started your business
4 relationship with MIC?

5 **A.** No.

Wire Fraud – Element 4

(Defendant used interstate wire communication to carry out essential part of scheme)

Wire communication: Includes emails, telephone calls, and electronic financial transfers.

- Emails
- Faxes all over the country

Mail Fraud – Element 4

(Defendant used mails or private commercial interstate carrier to carry out essential part of scheme)

A ***mailing*** is caused when one knows that the mails or a private commercial interstate carrier will be used in the ordinary course of business or when one can reasonably foresee such use.

Mail Fraud – Element 4

(Use of mails/private commercial interstate carriers)

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

DAVID MILLER and MINNESOTA
INDEPENDENT COOPERATIVE, INC.,

Defendants.

CASE NO. CR 15-234 CRB
CASE NO. CR 16-225 CRB

SECOND STIPULATION REGARDING
BUSINESS RECORDS AND CERTAIN FACTS

IT IS HEREBY STIPULATED AND AGREED, between plaintiff, the United States of America, by its undersigned counsel, and defendants, David Miller and Minnesota Independent Cooperative, Inc. ("MIC"), that the following interstate mailings through a private commercial interstate carrier occurred on or about the dates set out below:

//

Date of Mailing	Invoice Number	Item Mailed
April 21, 2011	8464	Shipment of prescription drugs by a commercial interstate carrier from MIC in Minnesota to Bettman's Pharmacy in Dayton, Ohio
August 25, 2011	10194	Shipment of prescription drugs by a commercial interstate carrier from MIC in Minnesota to Bettman's Pharmacy in Dayton, Ohio
June 29, 2012	13834	Shipment of prescription drugs by a commercial interstate carrier from MIC in Minnesota to QOL Meds in Cincinnati, Ohio
September 21, 2012	15047	Shipment of prescription drugs by a commercial interstate carrier from MIC in Minnesota to QOL Meds in Cincinnati, Ohio
October 12, 2012	15459	Shipment of prescription drugs by a commercial interstate carrier from MIC in Minnesota to QOL Meds in Cincinnati, Ohio
October 12, 2012	15472	Shipment of prescription drugs by a commercial interstate carrier from MIC in Minnesota to QOL Meds in Newark, Ohio
November 20, 2012	16116	Shipment of prescription drugs by a commercial interstate carrier from MIC in Minnesota to QOL Meds in Dayton, Ohio
February 6, 2013	17260	Shipment of prescription drugs by a commercial interstate carrier from MIC in Minnesota to QOL Meds in Middletown, Ohio
May 28, 2013	19515	Shipment of prescription drugs by a commercial interstate carrier from MIC in Minnesota to QOL Meds in Dayton, Ohio

1
2 March 27, 2014

26221

Shipment of prescription drugs by a commercial interstate
carrier from MIC in Minnesota to QOL Meds in Cincinnati,
Ohio

4
5 **IT IS SO STIPULATED AND AGREED.**

6 Dated: January 16, 2023

/s/

7 ANDREW F. DAWSON
8 CLAUDIA A. QUIROZ
9 CHRIS KALTSAS
Assistant United States Attorneys

10 Dated: January 16, 2023

/s/

11 JOHN D. CLINE
Attorney for Defendant David Miller

12 Dated: January 16, 2023

/s/

13 K.C. MAXWELL
14 Attorney for Defendant Minnesota Independent
Cooperative, Inc.

Mail Fraud – Element 4

(Defendant used mails or private commercial interstate carrier to carry out essential part of scheme)

A ***mailing*** is caused when one knows that the mails or a private commercial interstate carrier will be used in the ordinary course of business or when one can reasonably foresee such use.

COUNT 1: RACKETEERING CONSPIRACY (DAVID MILLER)

Racketeering Conspiracy

Elements:

1. First, there was an on-going enterprise with some sort of formal or informal framework for carrying out its objectives, consisting of a group of persons or entities associated together for a common purpose of engaging in a course of conduct.
2. Second, the defendant was employed by or associated with the enterprise;
3. Third, the defendant conducted or participated in, directly or indirectly, the affairs of the enterprise through a pattern of racketeering activity; and
4. Fourth, the enterprise engaged in or its activities in some way affected commerce between one state and another state.

Racketeering Conspiracy – Element 1

(Existence of an ongoing enterprise)

“Enterprise”

- A group of people who have associated together for a common purpose of engaging in a course of conduct over a period of time.
- Purpose: To make money selling diverted pharmaceuticals
- Miller ran a business
- Profit-making machine
- Suppliers fed it
- Patina of legitimacy – Yassin, B&Y

ARA KARAPEDYAN + THE PROFESSOR



"THE LESSON"

TR 674:2-7

2 **A.** Yes. The point of all of this was to generate what we --
3 what is kind of known as the **empty chair** to point to. In
4 the -- what he said the point of this was, is that if you had a
5 sham owner that could disappear, there were legitimate
6 brick-and-mortar pharmaceutical wholesalers that had real
7 shelves, real employees, but they wanted to purchase drugs at a
8 massive discount. Those companies are hard to create and
9 destroy because they have real employees and real shelves.

0 They would claim to purchase it from these sham
1 wholesalers. They would provide these Photoshopped pedigrees
2 to pharmacies. And if ever there was a problem and a pharmacy
3 asked about it, they would claim that they bought it from the
4 sham wholesaler. If anyone went to the sham wholesaler, it was
5 closed and locked and disappeared. So the brick-and-mortar
6 company could claim, "I didn't know. I was duped like the rest
7 of us."

NIVA PHARMACEUTICALS

Arman Danielian → Mihran Stepanyan



California State Board of Pharmacy
1625 N. Market Blvd, Suite N219, Sacramento, CA 95834
Phone (916) 574-7900
Fax (916) 574-8618
www.pharmacy.ca.gov

BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF CONSUMER AFFAIRS
GOVERNOR EDMUND G. BROWN JR.

CHANGE OF DESIGNATED REPRESENTATIVE*-IN-CHARGE

Both the designated representative-in-charge and the owner of a wholesaler, nonresident wholesaler or veterinary food-animal drug retailer are required by California law to notify the Board of Pharmacy within 30 days after the termination of the designated representative-in-charge. Failure to make this notification to the board may result in a citation and fine or other disciplinary action.

To properly notify the board of a change in designated representative-in-charge, the following items must be submitted:

- Completed Change of Designated Representative-in-Charge form
- \$100 fee (excluding government-owned facilities)
- Personal Background Affidavit for the NEW designated representative-in-charge only

(Please print or type) **ALL SECTIONS MUST BE COMPLETED** 5-3368

Name of wholesaler or veterinary food-animal drug retailer: NIVA PHARMACEUTICALS INC		Telephone 323-660-2222	Permit number 6239
Address - Street 1602 VICTORY BLVD, GLENDALE, CA 91201		City	State Zip
List below the name, license number and address of NEW designated representative-in-charge:			
Name MIHRAN STEPANYAN		EXC license number 22480	
Home address - Street 16350 VENTURA BLVD D272, ENCINO, CA 91436		City	State Zip
Effective date 1/21/2014			
List below the name, license number and address of the designated representative-in-charge being REPLACED :			
Name DANIELIAN ARMAN ASHOTI		EXC license number 20713	
Home address - Street [REDACTED]		City	State Zip
Date of disassociation 01/21/2014			

I certify under penalty of perjury under the laws of the State of California to the truth and accuracy of all statements, answers and representations made in the foregoing.

[Signature]
Signature of owner, partner or corporate officer

MIHRAN STEPANYAN / PRESIDENT 01/21/2014

[Signature]
Signature of new designated representative-in-charge

Typed or printed name and title Date
01/21/2014

[Signature]
Signature of designated representative-in-charge being replaced (if available)

Date
01/21/2014


Cashier #	527831
Date	
Amount	100-

*Note: Under California Law, the name used to describe any individual who is in charge of any wholesale drug premises (a



GX 697

NIVA PHARMACEUTICALS (GX 697)

 <p>State of California Secretary of State</p> <p>Statement of Information (Domestic Stock and Agricultural Cooperative Corporations) FEES (Filing and Disclosure): \$25.00. If this is an amendment, see instructions.</p> <p>IMPORTANT — READ INSTRUCTIONS BEFORE COMPLETING THIS FORM</p>	<div style="border: 1px solid black; padding: 2px; width: 20px; margin: auto;">S</div>	<p style="text-align: right;">EW21941</p> <p style="text-align: center;">FILED</p> <p style="text-align: center;">In the office of the Secretary of State of the State of California</p> <p style="text-align: center; margin-top: 20px;">JAN-22 2014</p> <p style="text-align: right; font-size: small;">This Space for Filing Use Only</p>
<p>1. CORPORATE NAME NIVA PHARMACEUTICALS, INC.</p>		
<p>2. CALIFORNIA CORPORATE NUMBER C3528897</p>		
<p>No Change Statement (Not applicable if agent address of record is a P.O. Box address. See instructions.)</p> <p>3. If there have been any changes to the information contained in the last Statement of Information filed with the California Secretary of State, or no statement of information has been previously filed, this form must be completed in its entirety.</p> <p><input type="checkbox"/> If there has been no change in any of the information contained in the last Statement of Information filed with the California Secretary of State, check the box and proceed to Item 17.</p>		
<p>Complete Addresses for the Following (Do not abbreviate the name of the city. Items 4 and 5 cannot be P.O. Boxes.)</p>		
4. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE 1602 VICTORY BLVD, GLENDALE, CA 91201		CITY STATE ZIP CODE
5. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA, IF ANY		CITY STATE ZIP CODE
6. MAILING ADDRESS OF CORPORATION, IF DIFFERENT THAN ITEM 4		CITY STATE ZIP CODE
<p>Names and Complete Addresses of the Following Officers (The corporation must list these three officers. A comparable title for the specific officer may be added; however, the preprinted titles on this form must not be altered.)</p>		
7. CHIEF EXECUTIVE OFFICER/ MIHRAN STEPANYAN	ADDRESS 16350 VENTURA BLVD D272, ENCINO, CA 91436	CITY STATE ZIP CODE
8. SECRETARY MIHRAN STEPANYAN	ADDRESS 16350 VENTURA BLVD D272, ENCINO, CA 91436	CITY STATE ZIP CODE
9. CHIEF FINANCIAL OFFICER/ MIHRAN STEPANYAN	ADDRESS 16350 VENTURA BLVD D272, ENCINO, CA 91436	CITY STATE ZIP CODE
<p>Names and Complete Addresses of All Directors, Including Directors Who are Also Officers (The corporation must have at least one director. Attach additional pages, if necessary.)</p>		
10. NAME MIHRAN STEPANYAN	ADDRESS 16350 VENTURA BLVD D272, ENCINO, CA 91436	CITY STATE ZIP CODE
11. NAME	ADDRESS	CITY STATE ZIP CODE
12. NAME	ADDRESS	CITY STATE ZIP CODE
13. NUMBER OF VACANCIES ON THE BOARD OF DIRECTORS, IF ANY:		
<p>Agent for Service of Process If the agent is an individual, the agent must reside in California and Item 15 must be completed with a California street address, a P.O. Box address is not acceptable. If the agent is another corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 15 must be left blank.</p>		
14. NAME OF AGENT FOR SERVICE OF PROCESS MIHRAN STEPANYAN		
15. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL 16350 VENTURA BLVD D272, ENCINO, CA 91436		CITY STATE ZIP CODE
<p>Type of Business</p> <p>RESPONSE TO TYPE OF BUSINESS OF THE CORPORATION PHARMACEUTICAL WHOLESALE</p>		
<p>17. BY SUBMITTING THIS STATEMENT OF INFORMATION TO THE CALIFORNIA SECRETARY OF STATE, THE CORPORATION CERTIFIES THE INFORMATION CONTAINED HEREIN, INCLUDING ANY ATTACHMENTS, IS TRUE AND CORRECT.</p> <p>01/22/2014 MIHRAN STEPANYAN PRESIDENT</p> <p>DATE TYPE/PRINT NAME OF PERSON COMPLETING FORM TITLE SIGNATURE</p> <p style="text-align: right;"><i>M. Stepanyan</i></p>		
<p>SI-200 (REV 01/2013) Page 1 of 1 APPROVED BY SECRETARY OF STATE</p>		

GX 697

Case 3:05-cv-01225-ORL Document 120-1 Filed 03/01/23 Page 32 of 105

MIHRAN STEPANYAN → NIVA → MIC

GX 766



MIC Employee Bernie Guillen

“GCN = Stepanyans”



1 A. GN -- GNC [sic].

2 Q. GNC, is that a company?

3 A. I guess that -- that was the -- the name of the
4 company.

5 Q. And whose company was that?

6 A. Art and Mike. GNC, I think it is.

7 Q. I'm going to show you some more photographs.
8 First, this photograph, it has been previously marked as
9 Government Exhibit 666-02.

10 Do you recognize this person?

11 A. Yes.

12 Q. Who is this?

13 A. Mike.

14 Q. This is the Mike associated -- associated with
15 G -- GCN?

16 A. GCN, yes.

INVESTMENT MANAGEMENT AGREEMENT**Michaels Group, Inc.****I. PARTIES**

The parties to this Investment Management Agreement ("Agreement") are Michaels Group Inc., an Illinois Corporation ("MGI"), and GC National Wholesale Inc., a California corporation ("Client").

II. PURPOSE

Client hereby contracts with MGI for MGI to manage and supervise certain monies or other assets (hereinafter "Assets"), which Client will deposit with MGI to be held for the purpose of having MGI exercise investment control, directly or indirectly, over such Assets, for the benefit of Client. MGI shall maintain a separate investment account for Client ("Client Account") and will carry out the purpose of this Agreement by monitoring the Assets, and acting on Client's behalf to make investments with Client's Assets through the purchase and/or sale of stocks, bonds, mutual funds and/or other investment vehicles deemed advisable by MGI.

III. MGI'S SERVICES

In accordance with Paragraph II of this Agreement, MGI shall first obtain information from Client sufficient to determine Client's investment goals and risk tolerance. MGI agrees to use its best efforts to provide Client with investment advice and to invest Client's Assets within the bounds of normal and reasonable business judgment based upon information known to MGI. MGI further agrees to use its best efforts to provide Client with information and reports regarding the Assets. Specifically, quarterly reports will be provided by MGI to Client, which show the earnings and amounts disbursed from the Client's account including all fees paid to MGI. Furthermore, MGI shall periodically review Client's financial objectives and provide Client with assistance in evaluating Client's account performance on a quarterly basis.

IV. CLIENT'S RESPONSIBILITY

GC NATIONAL WHOLESALE INC.

George Cardashian 08-20-2013
 By: George Cardashian
 Its: President
 Address: 118 W. Stocker Street
 Suite 6
 Glendale CA 91205



8. An FBI examination of an investment management agreement concerning GC National Wholesale that the FBI obtained on or about August 20, 2013 yielded a fingerprint that forensic tests confirmed belonged to Henrik Harutyunyan, also known as Yan German.

UCE

KARAPEDYAN → GC NATIONAL → KARAPEDYAN

In-Coming Wire Date	Source	Amount In	Cash Out Date	Cash Location	Amount	Comment
8/12/2013	GC National	\$ 100,005.50				
8/12/2013	GC National	\$ 80,382.05				
8/12/2013	GC National	\$ 59,300.10				
8/12/2013	GC National	\$ 49,997.10				
8/15/2013	GC National	\$ 104,556.99				
			8/16/2013	San Francisco	\$132,700.00	Part of a total cash drop of \$142,300 from GC and other schemes
			8/23/2013	San Francisco	\$130,000.00	Part of a total cash drop of \$139,200 from GC and other schemes
8/28/2013	GC National	\$ 102,225.97				
8/28/2013	GC National	\$ 50,008.50				
			8/30/2013	Dublin, CA	\$111,800.00	
			9/6/2013	San Francisco	\$144,600.00	Part of a total cash drop of \$155,400 from GC and other schemes
9/20/2013	GC National	\$ 61,424.25				
			9/26/2013	San Francisco	\$58,400.00	Part of a total cash drop of \$153,900 from GC and other schemes
9/27/2013	GC National	\$ 5,674.25				
			10/3/2013	San Francisco	\$5,400.00	Part of a total cash drop of \$10,100 from GC and other schemes
10/8/2013	GC National	\$ 50,001.10				
10/8/2013	GC National	\$ 150,005.10				
			10/15/2013	San Francisco	\$142,500.00	Part of a total cash drop of \$147,700 from GC and other schemes
			10/22/2013	San Francisco	\$47,500.00	Part of a total cash drop of \$132,800 from GC and other schemes
10/31/2013	GC National	\$ 96,397.20				
10/31/2013	GC National	\$ 97,105.10				
			11/8/2013	San Francisco	\$120,000.00	
			11/12/2013	Dublin, CA	\$63,800.00	
11/19/2013	GC National	\$ 113,376.00				
			12/5/2013	San Francisco	\$107,700.00	
12/23/2013	GC National	\$ 32,680.17	12/23/2013	San Francisco	\$31,000.00	

JENCKS-00006055

GX 761 page 001

1/10/2014	GC National	\$ 61,205.10				
1/10/2014	GC National	\$ 88,805.50				
			1/21/2014	Los Angeles	\$142,500.00	

6 A. Yes. This is a spreadsheet that I created to keep track
7 of the wires and disbursements related to GC National.

22 Q. Was it your understanding that the wire payments you were
23 receiving that you were asked to launder was payment for the
24 drugs that Ara Karapedyan was selling?
25 A. Yes.

1 Q. Okay. The drugs out of his pizza shop?

2 A. Yes.

3 Q. Okay. And was it your understanding, based on what Ara
4 told you, that he was selling these drugs to the same people
5 that were sending you the wires from GC National?

6 A. Yes.

7 Q. Okay. So essentially the entity wiring you the money,
8 that's who Ara was selling the drugs to; correct?

9 A. Yes.

KARAPEDYAN SOURCE OF DRUGS

Old Sicily → German/Stepanyans/GCN → MIC



21 Q. Did you see where Mr. Karapedyan stored his drugs?

22 A. Some of his drugs was stored in his office inside the
23 pizza shop.

24 Q. Was this a climate-controlled secure location?

25 A. This was the opposite of a climate controlled. It was a

1 dirty office with -- open to people coming from the pizza shop.
2 There was no climate control. There was no real inventory
3 system. There were drugs strewn everywhere. There were melted
4 labels. There were bottles that were combined. It was a mess.

MILLER + STEPANYANS

9. An FBI examination of a pricing list of pharmaceutical drugs for sale that the FBI obtained during a search of Artur Stepanyan's home at 3521 Country Club Drive, Glendale, California that occurred on or about May 6, 2015 yielded three sets of fingerprints that forensic tests confirmed belonged to Mihran Stepanyan, Artur Stepanyan, and David Miller.

Case 3:16-cr-00225-CRB Document 120-1 Filed 03/01/23 Page 68 of 105

B&Y Wholesale: Yusef Yassin Gomez



From: markusj84@att.blackberry.net
Date: Fri, 21 Nov 2008 17:13:32 +0000
To: David Miller<david.miller@etailnetwork.com>
Subject: Re: Commissions October

Lastly, this is a perfect example of why we need the license moved to B & Y (Yusef) asap, Caballero can be dangerous for us due to lack of total control like we have with Yusef. He should have the license shortly after thanksgiving. (Week or so). Whooohoooo!

Racketeering Conspiracy – Element 2

(Defendant was associated with the enterprise)



Racketeering Conspiracy – Element 3

(Defendant conducted/participated in affairs of enterprise through a pattern of racketeering activity)

Pattern of Racketeering Activity Elements:

1. First, at least two acts of racketeering were committed within a period of ten years of each other. (The racketeering acts alleged in Count 1 are mail and wire fraud and money laundering).
2. Second, the acts of racketeering activity were related to each other, meaning that there was a relationship between or among the acts of racketeering; and
3. Third, the acts of racketeering amounted to or posed a threat of continued criminal activity

Racketeering Conspiracy – Element 4

(Enterprise affected commerce between one state and another state)

Interstate commerce:

- Includes the movement of goods, services, money, and individuals between states (goods can be legal or illegal).
- Every shipment = a mailing
- 10 fraud counts –every instance is a mailing all over

COUNT 13: MONEY LAUNDERING CONSPIRACY (DAVID MILLER)

Conspiracy to Launder Monetary Instruments

Elements:

1. *First*, beginning at least in or about 2009, and ending on or about May 6, 2015, there was an agreement between two or more persons to commit at least one crime of laundering monetary instruments; and
2. *Second*, the defendant became a member of the conspiracy knowing of at least one of its objects and intending to help accomplish it.

Count 13 - Laundering Monetary Instruments

Elements:

1. First, the individual conducted a financial transaction involving property that represented the proceeds of mail and wire fraud;
2. *Second*, the defendant knew that the property represented the proceeds of some form of unlawful activity; and
3. *Third*, the defendant knew that the transaction was designed in whole or in part to conceal or disguise the nature and control of the proceeds.

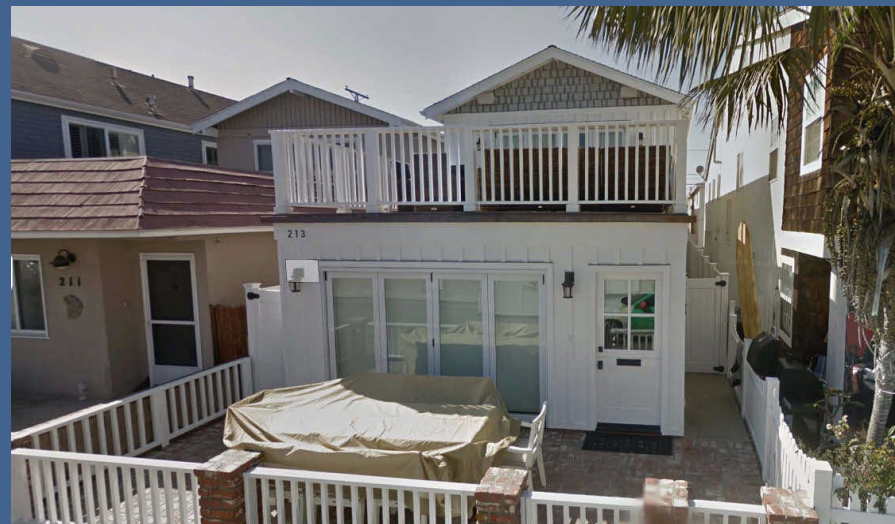
Element 1

(Financial transaction involved proceeds of mail/wire fraud)

Financial transaction:

- A transaction involving the movement of funds by wire or other means that affects interstate or foreign commerce in any way.

Miller's Beach Home and Renovations



Laundering Monetary Instruments

Element 2

(Defendant knew property was proceeds of unlawful activity)

Knew that the property represented the proceeds of some form of unlawful activity:

- The defendant knew that the property involved in the transaction represented proceeds from some form, though not necessarily which form, of activity that constitutes a specified unlawful activity.
- Mail and wire fraud are specified unlawful activities.

Laundering Monetary Instruments

Element 3

(Defendant knew transaction was designed to conceal/disguise nature and control of proceeds)

- Front companies
- B&Y set up to look independent to make it look legitimate
- Panda

**COUNT 14: CONSPIRACY –
UNLICENSED WHOLESALE DISTRIBUTION AND
FALSE STATEMENTS
(DAVID MILLER + MIC)**

Conspiracy – Unlicensed Distribution and False Statements

Elements:

1. *First*, beginning in or about September 2007, and continuing at least until April 2014, there was an agreement between two or more persons to commit at least one crime as charged in the Indictment, with all of you agreeing which crime or crimes were agreed to;
2. Second, the defendant became a member of the conspiracy knowing of at least one of its objects and intending to help accomplish it; and
3. Third, one of the members of the conspiracy performed at least one overt act on or after September 1, 2007 for the purpose of carrying out the conspiracy.

Conspiracy: Unlicensed Wholesale Distribution + False Statements – Element 1

(Agreement between 2+ people to commit crime)

Crime: Unlicensed distribution and/or false statements

David Miller and Alexander Soliman Agreed that MIC Would Use Apex's California License; TR 921:18-922:6

18 Q. Okay. And did you have an understanding of whether
19 Mr. Miller could have sold pharmaceuticals to California
20 pharmacies without working with you?
21 A. He could not.
22 Q. Okay. Now, did the two of you ever sign a contract to use
23 Apex Pharmaceuticals' names?
24 A. No.
25 Q. Did either of you ever talk about a specific start date or

Debra L. Pas, CSR, RPR, RMR, CRR
Official Reporter - U.S. District Court - San Francisco, California
(415) 431-1477

922

SOLIMAN - DIRECT / KALTSAS

1 something like that?
2 A. No.
3 Q. Did there ever come a time when Mr. Miller did start using
4 Apex Pharmaceuticals to sell the drugs that he and his company
5 owned?
6 A. Yes.

David Miller and Alexander Soliman Agreed that MIC Would Use Apex's California License – GX 692

Invoice 865

Invoice Date 04/24/07

MIC

2535 Pilot Knob Road
Suite 120
Mendota Heights, MN 55120
Telephone: 651/686-5011

Bill To:

APEX MEDICAL DISTRIBUTOR
28298 CONSTELLATION ROAD
VALENCIA, CA 91355

Ship To:

APEX MEDICAL DISTRIBUTOR
28298 CONSTELLATION ROAD
VALENCIA, CA 91355

Customer		Ship Via		F.O.B.		Terms	
APEX				Our Whse		ROG	
		Purchase Order Number		Salesperson		Order Date	Sales Order Number
FOR SELLS FROM APEX				JC		04/24/07	846
Qty Ordered	Qty. Shipped Back Ordered	Item Number	Item Description	Unit of Measure	Unit Price		Extended Price
18		1411-60			81.88		1473.84
		0	ARTHROTEC 50MG TAB 60 PFIZER				
		Lot No. C060285					
1		0121-30			40.04		40.04
		0	CARDIZEM 1 A 160MG TAB 30 KOS				
		Lot No. 068041P					
1		0326-44			139.28		139.28
		0	EXELON 8 MG CAP 60 NOVARTIS				
		Lot No. P0038					
1		0920-08			76.03		76.03
		0	OXYTROL 3.9MG/DAY PAT8 WATSON				
		Lot No. 91611616					
1		3624-12			582.44		582.44
		0	REYATAZ 150MG CAP 60 BMS				
		Lot No. 8H3089A					
					Nontaxable Subtotal		2311.63
					Taxable Subtotal		0.00
					Tax		0.00
					Total Invoice		2311.63

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Click the link 'paper trail' and enter Access Code 2454215112317

Your Papertrail Document will be accessible for 7 days from the date of this document.

Customer Original (Reprinted)

Page 1

MIC513635 - Confidential Business Information
Produced by Minnesota Independent Cooperative
Response to Subpoena GJ-1-14-1; 14-092 SDOH

DISC-0038945

12 Were you at first thrilled with the fact that Mr. Miller
13 was using your license?
14 A. "Thrilled" meaning?
15 Q. Were you happy or were you upset?
16 A. I was upset in the sense I didn't get heads-up until I got
17 the transaction.
18 Q. And then once you got the transactions, did you -- did
19 your mind start changing from there?
20 A. Correct.

Q. So when you say you had to move on from the transaction,
was it the monetary benefit? Was it the money that you were

1 going to earn?

2 A. Yes.

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Conspiracy: Unlicensed Wholesale Distribution + False Statements – Element 2

*(Defendant became member of conspiracy knowing at
least one object and intending to help accomplish it)*

Conspiracy: Unlicensed Wholesale Distribution + False Statements – Element 3

(Member of conspiracy performed at least one overt act)

Count 14 - Unlicensed Wholesale Distribution

Elements:

1. *First*, the defendant engaged in wholesale distribution of a prescription drug;
2. Second, the defendant was not licensed in the state from which the drug was distributed; and
3. Third, the defendant acted knowingly.

Unlicensed Wholesale Distribution – Element 1

(Defendant engaged in wholesale distribution of a prescription drug)

Wholesale distribution: The distribution of a prescription drug to a person other than a consumer or patient, or the receipt of a prescription drug by a person other than the consumer or patient.

Unlicensed Wholesale Distribution – Element 2

(Defendant not licensed in state from which drug was distributed)

MIC not licensed in California

Unlicensed Wholesale Distribution – Element 3

(Defendant acted knowingly)

Suppliers testified to this

False Statements

Elements:

1. *First*, the defendants used a writing that contained a false statement;
2. *Second*, the writing was made in a matter within the jurisdiction of the United States Food and Drug Administration;
3. *Third*, the defendants acted willfully; that is, the defendants acted deliberately and with knowledge both that the statement was untrue and that their conduct was unlawful; and
4. *Fourth*, the writing was material to the activities or decisions of the United States Food & Drug Administration; that is, it had a natural tendency to influence, or was capable of influencing, the agency's decisions or activities.

False Statements – Element 1

(Writing contained a false statement)

(GX 690)



2980 Commers Drive Ste 200 • Eagan, MN 55121

Toll Free: 800-940-1934 • www.micoop.com**STATEMENT IDENTIFYING PRESCRIPTION DRUG PRODUCT ORIGIN**July 12th 2012

Mark Josephs, Esq.
 Assistant Director
 Consumer Protection Branch
 United States Department of Justice
 450 Fifth Street, N.W.
 Sixth Floor South
 Washington, DC 20001
 [Josephs, Mark Mark.Josephs@usdoj.gov]

Dear Mr. Josephs:

Minnesota Independent Cooperative (MIC) understands that you have asked our legal counsel for a copy of a pedigree that relates to a sale of Viread to Premium Pharmacy Inc. (Premium) of Flushing, New York. MIC has sold Viread to Premium on a number of occasions. Based on our understanding of what you requested from our legal counsel, it appears that you are looking to obtain a pedigree that relates to a May 2012 sale of Viread to Premium. I have attached to this email a copy of one of the pedigrees that relates to the May 2012 sale.

Although MIC is voluntarily providing this document to you, we understand that you have indicated to our counsel that the Justice Department could subpoena this same document from MIC.

If you have any questions about this email or the document provided, please do not hesitate to contact our legal counsel, John R. Fleder.

Sincerely,

James Russo
 Vice President of Operations

Item: 0401-01 VIREAD 300MG 30 GILEADLot #'s: 000205Exp Date: 07/16

MINNESOTA INDEPENDENT COOPERATIVE Inv #: 13295

Prior Wholesale Sales Date: 05/15/12Quantity: 1Purchased from: B & Y WHOLESALE DISTRIBUTORS

PO BOX 2839

CAROLINA, PR 00984

Authorized distributor: X Yes No

False Statements– Element 2

(Writing made in a matter within jurisdiction of U.S. Food and Drug Administration)

- Wholesales required to provide copies of pedigrees on demand to FDA

False Statements – Element 3 *(Defendant acted willfully)*

- Yassin
- Miller knew his sources

False Statements – Element 4

(Writing was material to activities/decisions of FDA)

- Standard: capable of influencing

BURDEN OF PROOF

Proof Beyond a Reasonable Doubt

Proof that leaves you firmly convinced the defendant is guilty

- It is not required that the government prove guilt beyond all possible doubt.
- A reasonable doubt is a doubt based upon reason and common sense and is not based purely on speculation.
- If after a careful and impartial consideration of all the evidence, you are convinced beyond a reasonable doubt that the defendants are guilty, it is your duty to find them guilty.

VERDICT FORM

UNITED STATES V. DAVID MILLER and MINNESOTA INDEPENDENT COOPERATIVE**COUNT NO. 1****(RACKETEERING CONSPIRACY)**

We, the Jury in the above-entitled case, unanimously find the defendant listed below:

GUILTY NOT GUILTY

DAVID MILLER _____

of racketeering conspiracy, in violation of Title 18, United States Code, Section 1962(d).

COUNT NO. 2**(CONSPIRACY TO COMMIT MAIL AND WIRE FRAUD)**

We, the Jury in the above-entitled case, unanimously find the defendant listed below:

GUILTY NOT GUILTY

DAVID MILLER _____

of conspiracy to commit mail and wire fraud, in violation of Title 18, United States Code, Section 1349.

COUNT NO. 3**(MAIL FRAUD)**

We, the Jury in the above-entitled case, unanimously find the defendants listed below:

GUILTY NOT GUILTY

DAVID MILLER _____

MINNESOTA INDEPENDENT COOPERATIVE _____

of mail fraud, in violation of Title 18, United States Code, Section 1341, specifically, a mailing on or about April 21, 2011 bearing Invoice Number 8464.

COUNT NO. 4**(MAIL FRAUD)**

We, the Jury in the above-entitled case, unanimously find the defendants listed below:

GUILTY NOT GUILTY

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1 MINNESOTA INDEPENDENT COOPERATIVE _____
 2 of mail fraud, in violation of Title 18, United States Code, Section 1341, specifically, a mailing on or
 3 about October 12, 2012, bearing Invoice Number 15459.

4
 5 **COUNT NO. 8**

6 **(MAIL FRAUD)**

7 We, the Jury in the above-entitled case, unanimously find the defendants listed below:

	GUILTY	NOT GUILTY
8 DAVID MILLER	_____	_____
9 MINNESOTA INDEPENDENT COOPERATIVE	_____	_____

10
 11 of mail fraud, in violation of Title 18, United States Code, Section 1341, specifically, a mailing on or
 12 about October 12, 2012, bearing Invoice Number 15472.

13
 14 **COUNT NO. 9**

15 **(MAIL FRAUD)**

16 We, the Jury in the above-entitled case, unanimously find the defendants listed below:

	GUILTY	NOT GUILTY
17 DAVID MILLER	_____	_____
18 MINNESOTA INDEPENDENT COOPERATIVE	_____	_____

19
 20 of mail fraud, in violation of Title 18, United States Code, Section 1341, specifically, a mailing on or
 21 about November 20, 2012, bearing Invoice Number 16116.

22
 23 **COUNT NO. 10**

24 **(MAIL FRAUD)**

25 We, the Jury in the above-entitled case, unanimously find the defendants listed below:

	GUILTY	NOT GUILTY
26 DAVID MILLER	_____	_____
27 MINNESOTA INDEPENDENT COOPERATIVE	_____	_____

1 of mail fraud, in violation of Title 18, United States Code, Section 1341, specifically, a mailing on or
 2 about February 6, 2013, bearing Invoice Number 17260.

3
 4 **COUNT NO. 11**

5 **(MAIL FRAUD)**

6 We, the Jury in the above-entitled case, unanimously find the defendants listed below:

7 **GUILTY NOT GUILTY**

8 **DAVID MILLER** _____

9 **MINNESOTA INDEPENDENT COOPERATIVE** _____

10 of mail fraud, in violation of Title 18, United States Code, Section 1341, specifically, a mailing on or
 11 about May 28, 2013, bearing Invoice Number 19515.

12
 13 **COUNT NO. 12**

14 **(MAIL FRAUD)**

15 We, the Jury in the above-entitled case, unanimously find the defendants listed below:

16 **GUILTY NOT GUILTY**

17 **DAVID MILLER** _____

18 **MINNESOTA INDEPENDENT COOPERATIVE** _____

19 of mail fraud, in violation of Title 18, United States Code, Section 1341, specifically, a mailing on or
 20 about March 27, 2014, bearing Invoice Number 26221.

21
 22 **COUNT NO. 13**

23 **(MONEY LAUNDERING CONSPIRACY)**

24 3. We, the Jury in the above-entitled case, unanimously find the defendant listed below:

25 **GUILTY NOT GUILTY**

26 **DAVID MILLER** _____

27 of money laundering conspiracy, in violation of Title 18, United States Code, Section 1956(h).
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COUNT NO. 14

**(CONSPIRACY – UNLICENSED WHOLESALE DISTRIBUTION AND FALSE
STATEMENTS)**

We, the Jury in the above-entitled case, unanimously find the defendants listed below:

	GUILTY	NOT GUILTY
--	--------	------------

DAVID MILLER	_____	_____
MINNESOTA INDEPENDENT COOPERATIVE	_____	_____

of conspiracy to commit unlicensed wholesale distribution and false statements, in violation of Title 18,
United States Code, Section 371.

Dated: February __, 2022

Foreperson

CONCLUSION

